

PUBLIC DISCLOSURE

May 25, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

WEYMOUTH BANK

**744 BROAD STREET
EAST WEYMOUTH, MASSACHUSETTS 02189-0004**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MASSACHUSETTS 02110**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
--

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (the "Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting its needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **WEYMOUTH BANK** (the "Bank") prepared by the Division, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

The primary factors supporting the Bank's overall rating include:

Loan to Deposit and Share Ratio

The Bank's average net loan to deposit ratio has averaged 75.7 percent for the period of June 30, 2002 to March 31, 2004, and is considered to meet the standards for satisfactory performance. The ratio has remained steady from March 2003 to March 2004, at an average of 73.5 percent.

Credit Extended Inside and Outside the Assessment Area

The Bank has extended the vast majority of its loans by both number and dollar amount within its assessment area. A total of 89.7 percent of its HMDA-reportable loans was granted within its assessment area and is considered to exceed the standards for satisfactory performance.

Distribution of Credit Among Individuals of Different Incomes

Based on the demographics of the assessment area, and the Bank's comparison to the 2002 aggregate data, the Bank has demonstrated a willingness to lend to individuals of all income levels, including those of low- and moderate-income. Based on this performance, the Bank meets the standards for satisfactory performance in this category.

Geographic Distribution of Loans

A review of the geographic distribution of loans among the various census tracts contained in the Bank's assessment area revealed that the Bank made no loans in its one low-income tract in 2002 and 2003. This is considered reasonable, based on the low percentage of owner-occupied properties in this tract. However, the Bank's lending in its two moderate-income tracts exceeds the aggregate in 2002, and exceeds the demographics for both 2002 and 2003. The geographic distribution of the Bank's lending is considered reasonable given the demographics of the assessment area and market activity. Hence, the Bank meets the standards for satisfactory performance in this category.

Response to Complaints and Fair Lending

The Bank has not received any CRA related complaints since the prior examination. The Bank's fair lending performance was found to be satisfactory at this time.

PERFORMANCE CONTEXT

Description of Institution

Weymouth Bank is a state-chartered mutually owned institution chartered in 1889 under the laws of the Commonwealth of Massachusetts. The Bank's main office is located at 744 Broad Street in East Weymouth with a drive-up facility directly across the street. In addition, the Bank operates a full-service office in South Weymouth, and one in Kingston. All offices have Automated Teller Machines (ATMs). The Bank is a member of the SUM Network, allowing Bank's ATM cardholders free use at member institutions' ATMs. Hours of operation are convenient and include extended hours on Thursday and/or Friday evenings, and Saturday mornings at each office.

The Bank is a participant in the Basic Banking for Massachusetts program and offers a low-cost savings program with a minimum balance of \$25 and no fees. In addition, the Bank offers a basic checking product that has a minimum of \$25, with a \$2.00 monthly fee.

The Bank operates in a very competitive market. Local competitors include but are not limited to the following: Hingham Institution for Savings; South Shore Savings Bank and Rockland Trust Company; as well as representatives of numerous regional and national mortgage companies. The market influence from these institutions appears to be significant, and as a result, serves to keep the Bank's rates and services offered competitive.

Description of Institution (continued)

According to the March 31, 2004 (Federal Financial Institutions Examination Council) FFIEC Quarterly Call Report, the Bank had \$143,349,000 in assets, of which gross loans represented \$96,341,000, or 67.2 percent, of total assets. Approximately, 97.1 percent of the Bank's loan portfolio is in real estate loans, with 68.5 percent of those loans secured by 1-4 family real estate. Refer to the following table for details of the Bank's loan portfolio by type.

Loan Portfolio Composition

Loan Type	Amount (000s)	Percent
One to Four-Family Residential Mortgages	\$60,793	63.1
Equity Lines of Credit	\$3,366	3.5
Commercial Real Estate	\$21,966	22.8
Multifamily Loans	\$6,211	6.4
Construction and Land Development	\$1,259	1.3
Total Real Estate Loans	\$93,595	97.1
Commercial Loans	\$1,405	1.5
Consumer Loans	\$1,341	1.4
Total Gross Loans	\$96,341	100.0

Source: March 31, 2004 Consolidated Report of Condition.

Overall, the Bank's ability to meet community credit needs is considered reasonable based on its financial condition and asset size. There are no financial or legal impediments that would limit the Bank's ability to meet the credit needs of the assessment area. The Federal Deposit Insurance Corporation (FDIC) last examined the Bank for compliance with CRA on October 5, 1999, and the Division last examined the Bank on September 30, 1999. These examinations were conducted concurrently and resulted in a CRA rating of Satisfactory.

Description of Assessment Area

CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Bank's assessment area contains 19 cities and towns located in the Boston MA-NH and Brockton Metropolitan Statistical Areas (MSAs). The Office of Management and Budget establishes MSAs for statistical reporting purposes by federal agencies.

The Bank's assessment area consists of the following Cities and Towns in the following MSAs:

Boston MSA: the City of Quincy and the Towns of Braintree, Cohasset, Holbrook and Weymouth in Norfolk County and the Towns of Duxbury, Hanover, Hingham, Hull, Kingston, Marshfield, Norwell, Pembroke, Rockland and Scituate in Plymouth County.

Brockton MSA: the Towns of Abington, Halifax, Hanson, and Plympton in Plymouth County.

2002 ASSESSMENT AREA

Using the 1990 census data, the Bank's assessment area was comprised of 72 census tracts, of which one (1.4 percent), was designated as low-income; 2 (2.7 percent) as moderate-income; 53 (73.7 percent) as middle-income; 15 (20.8 percent) as upper-income; and one (1.4 percent) with no income designation. The low-income census tract and the two moderate-income census tracts are located in Quincy. The tract with no income designation consists of Cranberry Bogs in Marshfield

Assessment area housing data, based on 1990 census data, indicated that there are 144,247 housing units, of which 64.8 percent are owner-occupied, 28.6 percent are rental and 6.6 percent are vacant. The area's total population is 366,157 persons. The area contains 134,874 households, of which 27.0 percent receive social security.

2003 ASSESSMENT AREA

Using the 2000 census data, the Bank's assessment area was comprised of 73 census tracts, of which one (1.4 percent) was designated as low-income; 2 (2.7 percent) as moderate-income; 44 (60.3 percent) as middle-income; and 26 (35.6 percent) as upper-income. The low-income census tract and one of the moderate-income census tracts are located in Quincy. The other moderate-income census tract is located in Weymouth.

Assessment area housing data, based on 2000 census data, indicated that there are 155,397 housing units, of which 68.1 percent are owner-occupied, 27.6 percent are rental and 4.3 percent are vacant. The assessment area's total population is 384,797, and contains 148,661 households, of which 27.6 percent receive social security.

Change in Demographics

In 2003, the US Census Bureau released its revised demographics based upon 2000 census data. The following table reflects both the 1990 and 2000 census data of the Bank's assessment area by census tract income groupings. This information is being included as a precursor for future examinations as well as for the Bank's future reference. In addition, the table reflects the percentage change in the number of census tracts by income grouping.

Change in Assessment Area Demographics					
Census Tracts	1990 Census Data		2000 Census Data		% Change in Number of Census Tracts
	#	%	#	%	
Low	1	1.4	1	1.4	0.0
Moderate	2	2.7	2	2.7	0.0
Middle	53	73.7	44	60.3	-16.9
Upper	15	20.8	26	35.6	73.3
NA	1	1.4	0	0.0	-100.0
Total	72	100.0	73	100.0	1.4

Source: PCI Services, Inc., CRA Wiz Software.

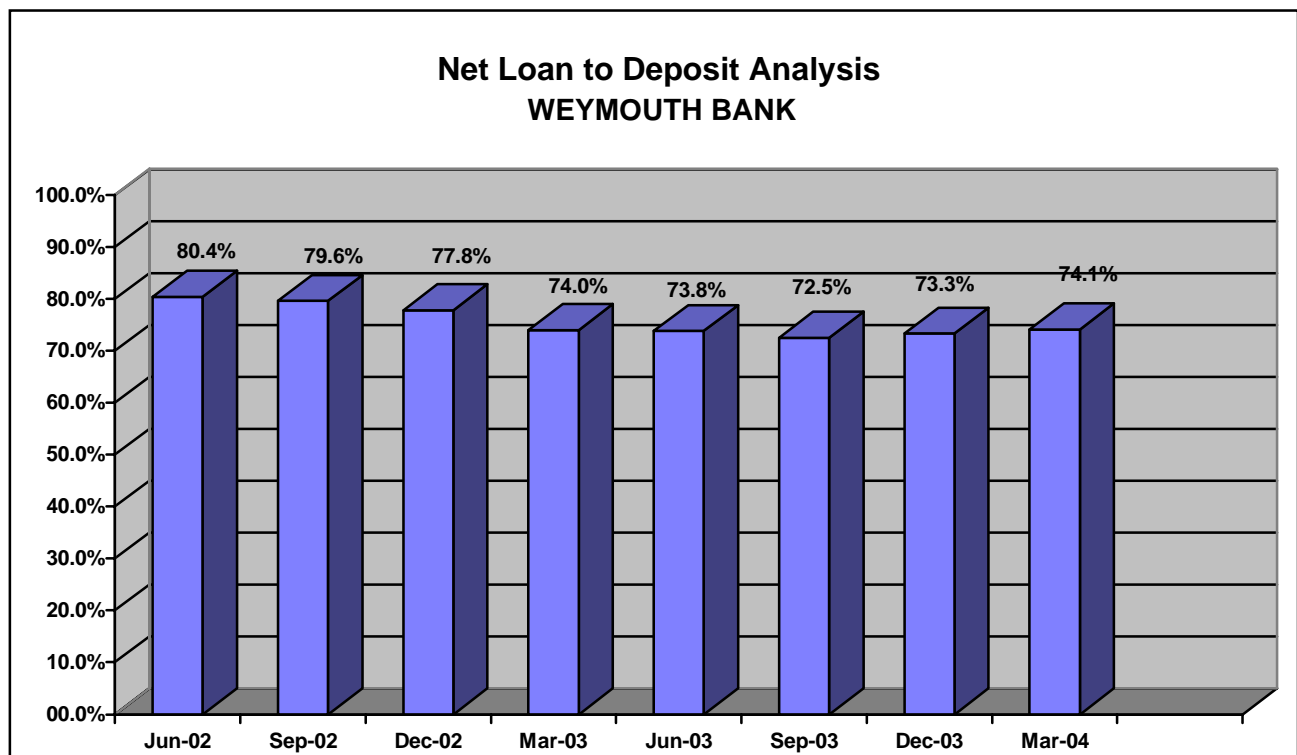
PERFORMANCE CRITERIA

1. NET LOAN TO DEPOSIT ANALYSIS

A comparative analysis of the Bank's net loan to deposit ratio was performed during the examination. The calculation incorporated eight quarters of the Bank's net loan to total deposit figures utilizing the Federal Financial Institutions Examination Council (FFIEC) quarterly call reports. This review included the quarters ending June 30, 2002 through March 31, 2004.

The Bank's average loan to deposit ratio during the period under examination was determined to be 75.7 percent. As evidenced below, the ratio has fluctuated from a high of 80.4 percent on June 30, 2002, to a low of 72.5 percent on September 30, 2003. Since March 2003, the net loan to deposit ratio has remained steady at an average of 73.5 percent. Loan and deposit growth have both been approximately 0.5 percent for this same time frame. It should be noted that during 2003, the Bank sold 11 loans totaling \$1,472,672 to FHLMC.

The following graph illustrates the Bank's Net Loan to Deposit ratios.



The most recent Uniform Bank Performance Report, which includes 103 institutions with assets of \$100 million to \$300 million, compares the Bank to its peers. This report, for December 31, 2003, indicated the Bank's 73.3 percent net loan to deposit ratio was below its peers at 76.7 percent, placing the Bank in the 44th percentile.

NET LOAN TO DEPOSIT ANALYSIS (continued)

The Bank's average net loan to deposit ratio was compared to the ratios of five other institutions with similar asset sizes. The ratios used for the Bank and the other institutions were as of March 31, 2004. These percentages range from a low of 60.7 percent to a high of 74.3 percent. Refer to the following table.

INSTITUTION	NET LOAN TO DEPOSIT RATIO
Medway Co-operative Bank	74.3
Weymouth Bank	74.1
Saugus Co-operative Bank	71.9
Pilgrim Co-operative Bank	71.3
Mechanics Co-operative Bank	61.0
Melrose Co-operative Bank	60.7

Based on the above information and the Bank's capacity to lend, its asset size, strong competition from other institutions in the assessment area, demographic and economic factors present in the assessment area, and the lending opportunities available in the assessment area, the Bank's loan to deposit ratio meets the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Data regarding the Bank's-HMDA reportable lending activity for 2002 and 2003 was reviewed to determine the proportion of loans originated within the assessment area by number and dollar amount. Lending data was obtained from the Bank's Loan Application Register (LAR) filed under the provisions of the Home Mortgage Disclosure Act (HMDA).

For the period reviewed, the Bank originated 321 HMDA-reportable loans, totaling \$60 million. Of these loans, 288, representing 89.7 percent of the total loans, were originated in the assessment area. By dollar amount, these loans totaled \$52 million, or 86.8 percent. Of the 288 loans originated within the assessment area, 246 (85.4 percent) were for refinances, and 22 (7.6 percent) were for conventional home purchases.

Weymouth accounted for the largest percentage of originations by number, with 42.7 percent, followed by Quincy with 11.2 percent. Weymouth also accounted for the largest dollar volume of originations with 36.3 percent, followed by Quincy with 12.1 percent.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S) (continued)

Refer to the following table for additional information regarding the Bank's HMDA-reportable lending, by both number and dollar volume.

Distribution of HMDA Reportable Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2002	145	90.1	25,540	86.4	16	9.9	4,025	13.6
2003	143	89.4	26,192	87.1	17	10.6	3,873	12.9
Total	288	89.7	51,732	86.8	33	10.3	7,898	13.2

Source: HMDA /LAR, CRA Wiz

Based on the above information, it is evident that a substantial of the number and dollar amount of the Bank's HMDA reportable loans have been extended within its assessment area. Therefore, the Bank's level of lending within its assessment area exceeds the standards for satisfactory performance.

3. LENDING TO BORROWERS OF DIFFERENT INCOMES

An analysis of HMDA-reportable loans extended within the Bank's assessment area, among various income levels during 2002 and 2003 was conducted. Originations were categorized by the ratio of the applicant's reported incomes to the 2002 and 2003 estimated median family incomes of the Boston MA-NH and Brockton MSAs. These income figures are based on estimated Department of Housing and Urban Development (HUD) information. The estimated 2002 and 2003 HUD median family incomes for the Boston MSA are \$74,200 and \$80,800 and the Brockton MSA \$63,500 and \$70,300, respectively.

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA; moderate income is defined as 50 to 79 percent of the median family income; middle income is defined as income between 80 and 119 percent of the median family income; and upper income is defined as income greater than 120 percent of the median family income.

LENDING TO BORROWERS OF DIFFERENT INCOMES (continued)

The following table compares the Bank's 2002 borrower income distribution to that of the HMDA aggregate lenders. Furthermore, the table also compares these presentations to the distribution of family households within the assessment area.

Distribution of HMDA loans by Borrower Income				
Median Family Income Level	% Total Households Per 1990 Census Data	Aggregate Lending Data (% of #)	2002	
		2002	#	%
Low	20.2	4.2	5	3.5
Moderate	15.2	16.0	22	15.2
Middle	20.9	26.1	46	31.7
Upper	43.7	37.9	44	30.3
N/A		15.8	28	19.3
Total	100.0	100.0	145	100.0

Source: 1990 U.S. Census, HMDA/LAR, and HMDA Aggregate Data

During 2002, the Bank extended five loans to low-income borrowers, representing 3.5 percent of the total loans originated within the assessment area. This is below the 20.2 percent of low-income households within the assessment area. However, this is reasonable based on the escalating prices of housing in the assessment area, and the overall market conditions that make credit opportunities for low-income borrowers very limited. The Bank's lending in the moderate-income census tracts mirrors the percent of moderate-income households at 15.2 percent.

The Bank's performance in lending to low- and moderate-income borrowers is slightly below that of the aggregate. The Bank's percentage of lending to low-income borrowers was 3.5 percent compared to the aggregate 4.2 percent. The Bank's lending to moderate-income borrowers was 15.2 percent, compared to the aggregate 16.0 percent.

The following table compares the Bank's 2003 borrower income distribution to the distribution of family households within the assessment area.

Distribution of HMDA loans by Borrower Income			
Median Family Income Level	% Total Households per 2000 Census Data	2003	
		#	\$
Low	20.6	14	9.8
Moderate	16.0	28	19.6
Middle	19.7	33	23.1
Upper	43.7	41	28.6
N/A		27	18.9
Total	100.0	143	100.0

Source: 2000 U.S. Census, HMDA/LAR, and HMDA Aggregate Data

LENDING TO BORROWERS OF DIFFERENT INCOMES (continued)

The Bank's performance in lending to low- and moderate-income borrowers is below the percentage of households within the assessment area. However, mitigating factors exist as previously mentioned including market conditions, which are a major factor in this criteria. The Bank's lending to moderate-income borrowers exceeds the percentage of moderate-income households in the assessment area.

It should be noted that the large percentage of incomes not available is attributed to the Bank's employee loans and the large number of loans for multi-family dwellings in the assessment area.

Given the demographics of its assessment area and the comparison to the aggregate, the distribution of HMDA-reportable loans by borrower income is considered to meet the standards for satisfactory performance.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The table below shows the number of HMDA-reportable loans, in comparison to the number of owner-occupied housing units in each census tract. In addition, the Bank's HMDA-reportable loans were compared to that of all other HMDA-reporters in the assessment area. Other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 2002. Refer to the following table for details.

Distribution of HMDA Loans by Income Category of the Census Tract				
Census Tract Income Level	% Total Owner-Occupied Housing Units per 1990 Census Data	Aggregate Lending Data (% of #)	2002	
		2002	#	%
Low	0.4	0.3	0	0.0
Moderate	1.9	2.0	5	3.4
Middle	73.3	70.7	128	88.3
Upper	24.4	27.0	12	8.3
Total	100.0	100.0	145	100.0

Source: 1990 U.S. Census, HMDA/LAR, and HMDA Aggregate Data

As shown in the above table, there were no loans originated within the one low-income census tract in the Bank's assessment area. However, this tract is made up of a very minimal percent (0.4) of owner-occupied units. The aggregate is comparable, with 0.3 percent of its loans granted in this tract. The 3.4 percent of loans originated by the Bank within the moderate-income census tracts are higher than both the aggregate and the percent of owner-occupied housing units in those tracts.

GEOGRAPHIC DISTRIBUTION OF LOANS (continued)

In addition, the above table also indicates that the Bank's HMDA-reportable lending in middle-income census tracts was higher than the aggregate, and lending in the upper-income census tracts was lower than the aggregate. This is reasonable, since the majority of the census tracts in the assessment area are middle-income.

The following table compares the Bank's 2003 geographic lending distribution to the percentage of owner-occupied units based on 2000 Census data.

Distribution of HMDA Loans by Income Category of the Census Tract			
Census Tract Income Level	% Total Owner-Occupied Housing Units per 2000 Census Data	year-to-date 2003	
		#	\$
Low	0.3	0	0.0
Moderate	2.1	10	7.0
Middle	58.5	109	76.2
Upper	39.1	24	16.8
Total	100.0	143	100.0

Source: 2000 U.S. Census, HMDA/LAR, and HMDA Aggregate Data

As shown in the above table, no loans were originated within the Bank's one low-income census tract, which again, is reasonable based on the fact that only 0.3 percent of owner-occupied housing units are located in this tract. The 7.0 percent of loans originated within the moderate-income census tracts are above the 2.1 percent of owner-occupied housing units in the assessment area. In addition, the above data also shows that the number of loans in middle-income census tracts is higher than the percentage of owner-occupied housing units in these areas and the upper-income loans are much lower.

Based on the above information and the demographics of the assessment area, as well as the competitive market in which the bank operates, it is considered to have a reasonable penetration of loans throughout its assessment area. Hence, the Bank is considered to meet the standards for satisfactory performance in this category.

5. REVIEW OF COMPLAINTS/FAIR LENDING

REVIEW OF COMPLAINTS

The Bank has not received any complaints regarding its CRA performance and its performance relative to fair lending since the previous examination, and meets the standards for satisfactory performance.

FAIR LENDING POLICIES

The Bank's fair lending data was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

Bank management ascertains the credit needs of its assessment area through their involvement in the community. The Bank markets its services and products to the community through direct mailings, advertisements in a local newspaper and the Internet.

To ensure that the circumstances of a denial are based on fact, and that the process is consistent in all cases, denied applications are reviewed by another authorized loan officer prior to notification of the applicant.

MINORITY APPLICATION FLOW

The Bank received 10 mortgage applications from various minority groups for 2002 and 2003 combined, representing 3.2 percent of all residential loan applications. Of these, eight (80.0 percent) were originated. The HMDA aggregate lenders in 2002 received 5.1 percent of all the residential applications from various minority groups. In comparison, the Bank's minority applicants in 2002 represented 0.6 percent of all applicants. The table following provides further details.

MINORITY APPLICATION FLOW								
Racial Designation	Aggregate Data 2002		2002		2003		Totals	
	#	%	#	%	#	%	#	%
Native American	199	0.4	0	0.0	0	0.0	0	0.0
Asian	1,328	2.3	1	0.6	3	2.0	4	1.2
Black	245	0.4	0	0.0	0	0.0	0	0.0
Hispanic	266	0.5	0	0.0	0	0.0	0	0.0
Joint	453	0.8	0	0.0	3	2.0	3	1.0
Other	429	0.7	0	0.0	3	2.0	3	1.0
Total Minority	2,920	5.1	1	0.6	9	6.0	10	3.2
White	35,466	62.5	161	99.4	143	94.0	304	96.8
N/A	18,398	32.4	0	0.0	0	0.0	0	0.0
Total	56,784	100.0	162	100.0	152	100.0	314	100.0

MINORITY APPLICATION FLOW (continued)

In addition, the institution's minority application flow was compared to the racial composition of the assessment area. The table details the assessment area's racial composition for the 1990 and 2000 U.S. Census.

Change in Assessment Area Racial Demographics					
Race	1990 Census Data		2000 Census Data		% Change in Number of Persons
	#	%	#	%	
Native American	413	0.1	478	0.1	15.7
Asian	7,558	2.1	16,885	4.4	123.4
Black	2,620	0.7	4,678	1.2	78.5
Hispanic	3,104	0.8	4,669	1.2	50.4
Other	725	0.2	5,361	1.4	639.4
White	351,737	96.1	352,726	91.7	0.3
Total Persons	366,157	100.0	384,797	100.0	5.1
Total Minority	14,420	3.9	32,071	8.3	122.4

The assessment area's total population increased by 5.1 percent, while the total minority population increased by 122.4 percent. The Asian, Black, Hispanic and Native American communities increased by 123.4, 78.5, 50.4, and 15.7 percent, respectively. However, the racial group called "other" experienced the largest increase of any minority category, with a 639.4 percent growth. Given the racial composition and the HMDA aggregate application data, the Bank's level of attracting minority applicants is considered to be marginally adequate, with no applications being received from Native American, Hispanic and Black individuals and a minimal number received from the Asian community.

In addition, a review was conducted for compliance with fair lending laws and regulations and no violations of the substantive provisions of anti-discriminatory laws and regulations were identified.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

WEYMOUTH BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **March 29, 2004**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

A majority of the Board of Directors

Dated at _____ this _____ day of _____ 20 _____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction, and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.